

Iowa Power Fund Board
Meeting Minutes December 10, 2008
West Des Moines Public Library
West Des Moines, Iowa

Call to Order:

Fred Hubbell, Chair, called the meeting to order at 10:10 A.M. He acknowledged a quorum.

Member	Present	Absent	Member	Present	Absent
Voting Members			Ex-Officio Members		
Fred Hubbell, Chair	X		Gregory Geoffroy		X
John Bilsten	X		Bill Giddings	X	
Peter Hemken	X		Kent Henning		X
Patricia Higby	X		Senator Hubert Houser		X
Carrie LaSeur	X		Senator Roger Stewart	X	
Richard Leopold	X		Rep. Nathan Reichert	X	
John Norris	Joan		Rep. Chuck Soderberg	X	
Bill Northey	Karey		Due Diligence Committee		Present Present
Lucy Norton	X		Tom Barton	Franklin Codel	
Mike Tramontina	X		Ted Crosbie	Vern Gebhart	
Thomas Wind, V-Chair	X		Curt Hunter	Fred Hubbell	X
			Patricia Higby	Roya Stanley	X

OEI staff in attendance: Roya Stanley, Jennifer Wright, Brian Crowe, Mary Lewis, Jessica Zopf, Sean Bagniewski, Sherry James

Approval of Agenda:

Action: Mr. Bilsten moved, Mr. Hemken seconded, to approve the agenda as printed. All members present voted “aye”.

Approval of Minutes:

Action: Mr. Hemken moved, Ms. Norton seconded, to approve the November 12, 2008 Power Fund Board minutes as amended to correct the project summaries. All members present voted “aye”.

Chair’s Remarks:

Chair Fred Hubbell reported there were two term sheets to be reviewed at this meeting; however, there were no contracts ready to be presented to the board. This would be the last board meeting prior to the submission of the final Energy Plan and he welcomed comments from the board members.

Director’s Remarks:

Director Roya Stanley reported the past month had been very busy at OEI with ongoing negotiations with applicants and DED staff in preparation of terms and contracts. She requested to have a special board meeting via teleconference towards the end of December to consider some contracts for

approval. She reported staff had been busy reviewing the Energy Plan with assistance from State Public Policy Group. The Iowa Utilities Association had submitted a rough draft of their annual renewable assessment and a meeting was scheduled later in the week to meet with them to discuss their assumptions. There are many other state and national issues be worked on as well.

Public Comments:

Ms. LaSeur reported she had recently attended a regional meeting with other states and there was enormous enthusiasm regarding Iowa's intense work on renewable energy issues. She reported the Iowa Power Fund is upheld as one of the best models and many others are watching Iowa's progress.

Committee Reports:

Administrative Rules: There was no activity with the Administrative rules committee at this time.

Due Diligence: Director Stanley reported the DDC would meet on December 15th for their joint November/December meeting. There would be several pre-applications and possibly a couple of full applications considered at this meeting.

Chairman Hubbell reviewed the Iowa Power Fund Project Summary List regarding the remaining budget. There was discussion regarding where the interest from the Power Fund money is tracked. Senator Stewart reported it was the legislator's intent that this interest be put into the administrative money.

Ms. Stanley reviewed the suggested targets for FY 08 and FY 09. She also reviewed the projected remaining budget for FY 09.

Representative Reichert reported the legislative session begins January 12 and there would be opportunities to meet with the economic growth committee to review the first year of the Office of Energy Independence and the Power Fund.

There was discussion regarding involving DOT with Power Fund applications since they include transportation opportunities.

Term Sheets

Director Stanley reported there were two term sheets that were ready for the Board's consideration. These were sent to the board for prior review. Director Stanley reported the term sheets do not come to the board for consideration until the terms have been approved by the applicant. The term sheet then in-turn helps create the final contract, which also goes before the board for final consideration. Should there be any modifications to the contract from the term sheet, these will be pointed out to the board.

08-03-1084 – City of Fairfield

Mr. Crowe reported this project's description was research, planning, design, and implementation of a city-wide carbon reduction strategy with a completion date of December 31, 2009. The project budget stated the Power Fund money would be used for strategic planning, publishing plan, household guide, personnel for sustainability, energy efficiency and climate action plan, engineering study on renewable energy potential.

There was discussion regarding the City submitting a report at the end of the project demonstrating the reduction of energy use in the community. Some board members felt that one year wasn't enough time to demonstrate a reduction. The negotiating team reported this was a good performance measure and even though there would be significant data over the course of several years, they felt some reduction could be determined in the first year.

Action: Mr. Bilsten moved, Mr. Leopold seconded, to accept the negotiation committee's recommendation and approve an award to the City of Fairfield in an amount up to \$80,000 on the terms and conditions described in the Term Sheet as presented. A roll call vote resulted in all members present voting "aye". Motion carried.

08-02-1059 – Iowa Stored Energy Park

Mr. Crowe reported this term sheet shows significant change from the full application that was approved. Staff worked with the applicant for a mutual compromise. He reported Iowa Stored Energy Plant Agency and its successors or assigns would make cash payments to the OEI if the research component of the project is successful and implemented. If the renewable energy generation continues, Iowa Stored Energy Plant Agency will be required to make cash payments to the OEI in the amount of \$100,000 per month for 48 months. If the Iowa Stored Energy Plant Agency and its successors or assigns makes a payment of \$3,200,000 to the Power Fund before completion of the Stored Energy Park, the Power Fund repayment conditions will be satisfied.

Action: Mr. Leopold moved, Mr. Hemken seconded, to accept the negotiation committee's recommendation and approve an award to the Iowa Stored Energy Plant Agency in the amount of \$3,200,000 on the terms and conditions described in the Term Sheet as presented. A roll call vote resulted as follows: Bilsten, abstain; Hemken, yes; Higby, yes; Wind, abstain; Norton, yes; LaSeur, yes; Leopold, yes; Claghorn, yes; Tramontina, yes; Hubbell, yes. Motion carried.

Full Applications

Mr. Hubbell reported that Green Plains Renewable Energy (GPRE), Inc. was presenting to the board with a "new" full application. Several things had changed since the last full application had been approved to go to negotiations in April, 2008. GPRE feels their project addresses the crisis in affordable feedstock availability for the biofuels industry. The project will use breakthrough technology developed by BioProcess Algae for the mass production of a nonfood vs. fuel feedstock: Algae. The inputs for the mass production of algae are the waste products from an ethanol plant, carbon dioxide and waste water.

Action: Mr. Leopold moved, Mr. Tramontina seconded, that the full application be moved to negotiations to develop a term sheet and that the same negotiating committee be retained for this discussion. A roll call vote resulted as follows: Bilsten, yes; Hemken, yes; Higby, yes; Wind, yes; Norton, yes; LaSeur, table; Leopold, yes; Claghorn, yes; Tramontina, yes; Conrad, yes; Hubbell, yes. Motion carried.

Ms. Stanley suggested the negotiating committee request a technical review for this project application.

Negotiating team is Mr. Hemken, Mr. Hubbell, Ms. Norton and Ms. Merrick.

Maharishi University Management

Mr. Crowe reported this project was approved by the Board for negotiations. The negotiating committee requested a technical review and the review was unfavorable of the project. The committee sent the technical review to the applicant to respond; however, the committee did not feel the applicant fully addressed all concerns raised in the technical review.

It was the consensus of the board to request that the staff continue working with the applicant for more thorough explanations to some of the questions from the technical review. There was discussion regarding establishing a timeframe for the responses to have a closure.

Planning Committee: Ben Banowetz, State Public Policy Group (SPPG), updated the board on the progress of the completion of the Energy Plan. There was much discussion regarding the intended audience for the Plan, what the intent of the Plan is, what information (graphs, stats, text, pictures) needed to be included, and exactly what the Power Fund and OEI are trying to accomplish. Mr. Hubbell requested the board review the draft plan by going over the text one page at a time. The board discussed the content and requested the OEI staff work with SPPG staff to finalize the Plan based on board's comments. (More details of the Plan discussion are available at OEI if requested.)

Action: Mr. Hemken moved, Ms. LaSeur seconded, the Annual Energy Plan be approved as amended. All members present voted "aye". Ms. Conrad voted yes on the plan with the exception of the page 22 recommendation: "Utilities should be required to demonstrate that they have pursued all available energy efficiency and demand reduction resources that are cost effective before being given permission to build additional generation capacity. For reasons already discussed previously in the meeting, the IUB cannot endorse this recommendation at this time."

Mr. Hubbell thanked the board members for their intense, lengthy discussion.

Application Committee: There was nothing to report.

Public Comments:

There were no public comments.

Other Business:

There was no other business to be discussed at this time.

Adjournment:

There being no further business to discuss at this time, Mr. Hemken moved, Ms. Conrad seconded, the meeting be adjourned at 6:00 P.M. All members present voted "aye". The next Power Fund Board meeting will be held on Wednesday, January 14, 2009 at 10:00 AM, at a location to be determined.

Fred Hubbell, Board Chair

Sherry James, Recording Secretary